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Subject Ranch giving up crumbs to get big rate increase its wants
from PUC

Aloha Commissioners

Earlier today I sent in some testimony and noted that it appeared the PUC is poised to give Molokai Properties Limited (aka Molokai Ranch) the rate increase it has demanded for its two water companies that will result in additional revenue for MPL of \$894,801, which is a whopping 103.8% more than the 2007 total revenue for the two utilities of \$862,271.

For lower income families in Maunaloa Town and Kualapuu this will mean, according to Chairman Caliboso's calculation, that someone paying \$50 a month for water will now be faced with a staggering \$139 monthly water bill.

I hope this will be noted in the commission's press release.

At a meeting today on Molokai it was revealed that MPL's Peter Nicholas has come to the conclusion that he does need to have the MOSCO sewer utility fees increased from \$44 to \$52.56. (in 2007 according to the commission's own documents, MOSCO made a profit of \$97,000 from operation in 2007). That means Mr. Nicholas has agreed to forgo \$32,357 in annual sewer fee increases (351 customers per Nicholas times \$8.56 times 12 mos.)

So why is Mr. Nicholas being so magnanimous all of a sudden? At today's meeting on Molokai, it was determined that Mr. Nicholas has worked out a deal with the commission to help justify the commission giving MPL the \$894,801 water rate it wants, which is 93.7% more (\$432,997) than the \$461,803 increase rate/revenue the commission has proposed to give MPL.

Not a bad deal, Mr. Nicholas gives up \$32,357 in order to allow the commission to okay an additional rate hike that will result in MPL raking in an additional \$432,997 in revenues that will have to be subsidized by Molokai rate payers.

Good deal for MPL and Mr. Nicholas, lousy deal for Molokai residents.

At today's meeting on Molokai, the conclusion was reached that this deal was worked out between the commission and Mr. Nicholas, with the encouragement of the Governor, because the commission needed to be able to justify approving the staggering rate increase demand being made by Mr. Nicholas.

The consensus was that the commission's news release announcement on tomorrow rate massive rate hike will be justified by noting that based on compromises made by MPL (giving up \$32,357 of additional income to MOSCO Inc. that showed a 2007 profit of \$97,000), the commission has approved A TEMPORARY rate increase for the two MPL water utilities that will generate an additional \$432,997 in revenues.

\$32,357 for \$432,997 ...not bad.

MPL has told the commission if it doesn't get what it wants it will terminate utility services at the end of August despite a commission order telling MPL and the Utilities not to.

If the commisssion caves in to MPL's rate demand for its water companies, as it appears is going to be the case now that Mr. Nicholas has made a slight concession in his demands, projected revenues for the two water utilities will increase by 103.8% or \$894,801 over 2007 total revenues of \$862,271.

And this will be dumped on Molokai's lower income families to pay thru increase water bills (i.e per Chair Caliboso... the family paying \$50 a month will now pay \$139 a month to MPL and its billion dollar foreign owner GuocoLeisure Limited).

What is wrong with this picture?

Ask the Governor maybe she knbows.

The temporary rate increase is for six months but can be extended by the commission. The poress releasse should note that in all likelihood the six months will be extended because it is going to take at least 18 to 24 motnhs to sort through this complex mess that MPL has created for everyone involved.

If the commission sticks to the rate increase its proposed and calls Mr. Nicholas's bluff..... guaranteed he will not walk out and face the fines (\$25,000 a day possible times three, one for each utility). MPL and GuocoLeisure also do not want to creat a news story, especially a negative one, that will result from a walkout.

Very few residents are worried that water will not be delivered if MPL walks. Molokai is resourciful...who is going to cut off the water Mr. Nicholas...the Governor...you the commissioners?

Apparently, however, the commission has resigned itself not to call Mr. Nicholas's bluff and let the Governor's friend and ally off the hook at the expense of Molokai residents.

Sad day for government and the Lingle administration.